(21)

No. 98-531

IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

FLORIDA PREPAID POSTSECONDARY EDUCATION EXPENSE BOARD,

Petitioner,

—v.—

COLLEGE SAVINGS BANK and THE UNITED STATES OF AMERICA,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE ASSOCIATION OF AMERICAN PUBLISHERS, INC., THE AMERICAN SOCIETY OF JOURNALISTS AND AUTHORS, INC., THE AMERICAN SOCIETY OF MEDIA PHOTOGRAPHERS, INC., THE ASSOCIATION OF AMERICAN UNIVERSITY PRESSES, INC., THE AUTHORS GUILD, INC., COPYRIGHT CLEARANCE CENTER, INC., NATIONAL MUSIC PUBLISHERS ASSOCIATION, INC., SOFTWARE AND INFORMATION INDUSTRY ASSOCIATION, AND THE TRAINING MEDIA ASSOCIATION AS *AMICI CURIAE* SUPPORTING RESPONDENTS

Charles S. Sims
Counsel of Record
Bruce E. Boyden
PROSKAUER ROSE LLP
1585 Broadway
New York, New York 10036
(212) 969-3950

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QUESTION PRESENTED

Did Congress have the authority under Section 5 of the Fourteenth Amendment to enact the Patent and Plant Variety Protection Remedy Clarification Act, P.L. 102-560, 106 Stat. 4230 (1992)?

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INTEREST OF THE *AMICI CURIAE*[1]

Amici, who file this brief with the consent of the parties, represent or act on behalf of thousands of authors and publishers of books, software, educational materials, training materials, and musical compositions whose protection from copyright infringement by states and state entities would be seriously jeopardized if the claims of some states to sovereign immunity from suits under federal law in federal courts were upheld. The question of whether unwilling states may be sued under federal laws in state courts is now pending before this Court. *See Alden v. Maine*, No. 98-436, *cert. granted*, 119 S. Ct. 443 (Nov. 9, 1998).

As discussed further below, the Patent and Plant Variety Protection Remedy Clarification Act (Patent Remedy Act), P.L. 102-560, 106 Stat. 4230 (1992), is a close cousin of the Copyright Remedy Clarification Act (CRCA), Pub. L. 101-553, 104 Stat. 2749 (1990), which was designed to subject states to infringement actions in federal court. A decision adverse to the respondents here might well invalidate the CRCA as well. It would therefore deprive copyright owners of protection for their property and the public of the creation-inducing function of copyright. Because of the extensive use state governments make of copyrighted materials — in state colleges and universities, in elementary and high school public education, in training state employees, in purchasing educational materials (software, books, sheet music) in some jurisdictions, in

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[1] No counsel for a party authored this brief in whole or in part, and no person or entity other than the *amici curiae*, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief.

operating state university presses, in administering all the unpaid functions, programs and activities of a modern welfare and regulatory state — it is of vital importance to the creative community that copyright be fully protected against government infringement. *Amici* thus submit this brief, in a case involving no apparent copyright issue, to remind the Court of the substantial harms to copyright holders and the public for whose benefit copyright exists if intellectual property generally is not protected against state infringement.

In a recent decision, *Chavez v. Arte Publico Press*, 157 F.3d 282 (1998), *vacated and rehearing en banc granted* (Oct. 1, 1998), a Fifth Circuit panel held that despite Congress's clear intent to abrogate state immunity from suit in federal court for copyright infringement, as reflected in CRCA, that law exceeded congressional power. *Amici* here filed a friend-of-the-court brief in *Chavez* before that panel and before the entire Fifth Circuit *en banc*. That rehearing, however, is being held in abeyance pending a decision in this case.

As the court below noted, the issues concerning the constitutionality of the Patent Remedy Act here and CRCA in *Chavez* are strikingly similar. The Court's decision here will be contented to have determined the outcome of *Chavez* and all future federal copyright suits against state entities. A holding here that Congress cannot subject states to patent infringement suits in federal court might well deprive *amici* of the very remedies that Congress has deemed essential for effective copyright protection, namely private copyright infringement suits for damages in federal court, making the safeguards of federal copyright law illusory so long as Congress adheres to its historic policy of providing for copyright protection exclusively in federal courts.

Worse, if this Court were to hold that Congress may not create causes of action enforceable against states in state courts,

as some states have sought in *Alden v. Maine*, the basic presuppositions of the rule of law would be threatened. Notwithstanding Congress's undoubted power to subject states to patent and copyright law as a formal matter, *see Garcia v. San Antonio Metro. Transit Auth.*, 469 U.S. 528 (1985), *overruling National League of Cities v. Usery*, 426 U.S. 833 (1976), judgment for Maine in *Alden* would likely deprive Congress of any power to enforce compliance with Supreme federal intellectual property law and prevent vindication of the rights of those whose property states take by infringement, making the formal supremacy of federal patent and copyright law an empty gesture. As this Court noted in *Marbury v. Madison*, 5 U.S. 137 (1803), "[t]he very essence of civil liberty certainly consists in the right of every individual to claim the protection of the laws, whenever he receives an injury," and it is "[o]ne of the first duties of government" to afford such protection. *Id.* at 163. *Amici* submit this brief in support of Congress's legitimate attempt to meet that duty.

SUMMARY OF ARGUMENT

The Patent Remedy Act is a valid exercise of congressional power under the Enforcement Clause of the Fourteenth Amendment. The well-settled test for determining the validity of Enforcement Clause legislation was set forth in *Katzenbach v. Morgan*, 384 U.S. 641 (1966), and recently expanded on in *City of Boerne v. Flores*, 521 U.S. 507, 117 S. Ct. 2157 (1997). Under the three part *Morgan-Flores* test, the Patent Remedy Act is clearly constitutional.

First, the Act "may be regarded" as an act to enforce the Fourteenth Amendment. Patents are property, and state infringement of patents deprives patent owners of property without due process of law. Congress has the authority to provide a general remedy for such deprivations under the Enforcement Clause.

Second, the Act is "plainly adapted" to enforcing the Due Process Clause. Congress found a substantial likelihood of harm to copyright and patent property if state claims of immunity were enforced in federal courts, and its findings are entitled to great deference. The Patent Remedy Act is, as the title indicates, purely *remedial* legislation. It does not expand any primary obligations or duties of states, but merely provides a remedy for state violations of primary federal law, which are deprivations of property without due process of law. Nor is its remedy so sweeping as to be "draconian": the infringement remedies target only infringing states and impose only those damages that have been applied against private litigants.

Finally, the Act is consistent with the letter and spirit of the Constitution. It enforces a uniform law of intellectual property against all infringers, a scheme envisioned by the Framers who drafted the Copyright and Patent Clauses. And it protects property holders from undeniably unconstitutional deprivations of property without due process of law.

Having met all three prongs of the *Morgan-Flores* test, the Patent Remedy Act is constitutional.[2]

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[2] *Amici* in this brief focus solely on Congress's power to abrogate Eleventh Amendment immunity under the Fourteenth Amendment. *Amici*, however, also join in the arguments of the United States and *amicus curiae* the International Trademark Association in No. 98-149 that Florida has waived its immunity through its competition with the College Savings Bank, and in the more general proposition that Congress may condition a state's entrance into a field that is traditionally the province of private competition, subject to federal regulation, on the state's willingness to obey the same rules that govern its private competitors. *Cf. South*

ARGUMENT

I. THE PATENT REMEDY ACT IS A VALID EXERCISE OF CONGRESSIONAL POWER CONFERRED BY THE FOURTEENTH AMENDMENT

A state's Eleventh Amendment immunity is not absolute. "[T]he States may waive their sovereign immunity;" in addition, "Congress could under the Fourteenth Amendment abrogate the States' sovereign immunity." *Seminole Tribe v. Florida*, 517 U.S. 44, 65 (1996). Congress, acting pursuant to section 5 (the Enforcement Clause) of the Fourteenth Amendment, validly abrogated state immunity from patent infringement suits in the Patent Remedy Act.[3]

In determining whether Congress has validly abrogated Eleventh Amendment immunity, courts must ask "first, whether Congress has 'unequivocally expressed its intent to abrogate the immunity,' and second, whether Congress has acted 'pursuant to a valid exercise of power.'" *Seminole*, 517 U.S. at 55 (citation omitted). Congress made its intention to abrogate clear by providing that "[a]ny State . . . shall not be immune, under the [E]leventh [A]mendment . . . from suit in Federal

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Central Bell Telephone Co. v. Alabama, No. 97-2045 (U.S. 3/23/1999) ("[I]t is 'inherent in the constitutional plan' . . . that when a state court takes cognizance of a case, the State assents to appellate review by this Court of the federal issues raised in the case 'whoever may be the parties to the original suit, whether private persons, or the state itself.'") (citation omitted).

[3] Section 5 grants Congress "power to enforce, by appropriate legislation, the provisions of this article," among which is the Due Process Clause.

court by any person" for patent infringement, 35 U.S.C. § 296(a) (1998), as the court below held. *See College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Board*, 148 F.3d 1343, 1347 (Fed. Cir. 1998). The only question is whether it had the power to abrogate. *Seminole* apparently decided that such power can only be derived from the Enforcement Clause. *Seminole*, 517 U.S. at 59, 65-66 (citing *Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976)).

Nothing in *Seminole* upset the well-settled test by which courts are to decide the validity of a congressional exercise of power under the Enforcement Clause — a test applied consistently by this Court in *Katzenbach v. Morgan* and its progeny, discussed below. Under the correct test, the Patent Remedy Act is constitutional.

A. This Court's Inquiry Is Governed by Its Decisions in *Morgan* and *Flores*

In considering whether legislation is within the enumerated powers of Congress, the "basic test" to be applied is derived from *McCulloch v. Maryland*, 17 U.S. 316, 421 (1819):

> Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist[ent] with the letter and spirit of the constitution, are constitutional.

South Carolina v. Katzenbach, 383 U.S. 301, 326 (1966); *see also Ex Parte Virginia*, 100 U.S. 339, 345-46 (1880) ("Whatever legislation . . . tends to . . . secure to all persons the enjoyment of perfect equality of civil rights and the equal protection of the laws against State denial or invasion, if not prohibited, is brought within the domain of congressional power."). In *Katzenbach v. Morgan*, 384 U.S. 641 (1966), this Court drew from *McCulloch* a three-pronged inquiry for

determining whether a statute is "appropriate legislation" under the Fourteenth Amendment, which looks to whether the statute:

> may be regarded as an enactment to enforce [the Fourteenth Amendment], whether it is "plainly adapted to that end" and whether it is not prohibited by but is consistent with "the letter and spirit of the constitution."

Morgan, 384 U.S. at 651.

Although Congress must be clear about its intent to abrogate, its authority to do so "does not depend on recitals of the power which [Congress] undertakes to exercise." *Woods v. Cloyd W. Miller Co.*, 333 U.S. 138, 144 (1948). Congress need not "recite the words 'section 5' or 'Fourteenth Amendment'" to invoke its Enforcement Clause power. *EEOC v. Wyoming*, 460 U.S. 226, 244 n.18 (1983). The *Morgan* test merely ensures that the Court can "discern some legislative purpose or factual predicate that supports the exercise" of Fourteenth Amendment power. *Id.*[4]

The *Morgan* test is broadly permissive: "It is for Congress in the first instance to 'determine whether and what legislation

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[4] *Pennhurst State Sch. & Hosp. v. Halderman*, 451 U.S. 1 (1980), is not to the contrary. *Pennhurst*, as recognized by the Courts of Appeals and this Court, stands only for the proposition that a court must be cautious in adopting statutory constructions that would alter the traditional federal-state balance, and has nothing to do with "whether Congress had the authority to do so once it has already unambiguously stated its intent to alter that balance." *Usery v. Louisiana ex rel. Louisiana Dep't of Health & Hosp.*, 150 F.3d 431, 436-37 (5th Cir. 1998); *see also EEOC v. Wyoming*, 460 U.S. at 244 n.18. As noted above, Congress unambiguously stated its intent to abrogate state immunity in the Patent Remedy Act.

is needed to secure the guarantees of the Fourteenth Amendment,' and its conclusions are entitled to much deference." *Flores*, 117 S. Ct. at 2172 (quoting *Morgan*, 384 U.S. at 651). Of course, the "broad" power to enforce the Fourteenth Amendment's prohibitions is "not unlimited," as the Supreme Court noted in holding that the Religious Freedom Restoration Act exceeded Congress's Enforcement Clause authority. *Flores*, 117 S. Ct. at 2163. Although "Congress must have wide latitude" to distinguish authorized enforcement under the Fourteenth Amendment from unauthorized changes in the substantive Constitution, "[t]here must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end." *Id.* at 2164. Otherwise, Congress intrudes upon the power of the judiciary to "say what the law is." *Id.* at 2172.

The *Morgan* test, as supplemented by *Flores*, has been applied by seven circuits within the last year facing the question of whether certain congressional legislation abrogated state immunity pursuant to the Fourteenth Amendment.[5] Under that test, as discussed below, the Patent Remedy Act is constitutional.

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[5] *See Cooper v. New York State Office of Mental Health*, 162 F.3d 770 (2d Cir. 1998); *Wheeling & Lake Erie Ry. v. Public Util. Comm'n*, 141 F.3d 88 (3d Cir. 1998); *Scott v. University of Mississippi*, 148 F.3d 493 (5th Cir. 1998); *Coger v. Board of Regents*, 154 F.3d 296 (6th Cir. 1998); *Goshtasby v. Board of Trustees*, 141 F.3d 761 (7th Cir. 1998); *Oregon Short Line R.R. v. Department of Revenue Or.*, 139 F.3d 1259 (9th Cir. 1998); *Kimel v. Florida Bd. of Regents*, 139 F.3d 1426 (11th Cir. 1998); *College Savs. Bank*, 148 F.3d 1343.

B. Under the *Morgan-Flores* Test, the Patent Remedy Act Is a Valid Exercise of Enforcement Clause Legislative Authority

1. The Act "May Be Regarded" As an Act to Enforce the Fourteenth Amendment

The Patent Remedy Act meets the first part of the *Morgan-Flores* test because the Act plainly "may be regarded" as an act to enforce the Due Process Clause.[6] Congress itself expressly relied on section 5 in passing the Act, stating that subjecting states to infringement suits is "justified as an acceptable method of enforcing the provisions of the fourteenth amendment . . . . [This law] represent[s] a valid extension of Congress' right to protect the property rights of patent and trademark holders." S. Rep. No. 102-280, at 8 (1992).[7]

Patents, like copyrights, are plainly property. "That a patent is property, protected against appropriation both by individuals

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[6] The court in *Chavez* based its decision in part on the theory that "only federal statutes that enforce the Equal Protection Clause have been held to permit suits against unconsenting states." *Chavez*, 157 F.3d at 290. This ignored this Court's statement in *Flores* that "[t]he 'provisions of this article,' to which § 5 [of the Fourteenth Amendment] refers, include the Due Process Clause . . . ." 117 S. Ct. at 2163.

[7] The identical justification was applied to the CRCA. *See* S. Rep. No. 102-280, at 9 ("A similar problem existed with copyright laws prior to passage of the Copyright Remedy Clarification Act of 1991."). Comparison of the legislative reports accompanying the Patent Remedy Act with those accompanying CRCA shows that the reports and the justifications for the laws were virtually identical.

and by government, has long been settled." *Hartford-Empire Co. v. United States*, 323 U.S. 386, 415 (1945).[8] They are transferable, assignable, and can be bequeathed by will. *See* 35 U.S.C. § 261 (1998) ("[P]atents shall have the attributes of personal property."). A patent holder has the exclusive right to make, use, offer to sell, or sell the patented device. 35 U.S.C. §§ 154(a)(1), 271(a) (1998). This right to exclude is "one of the most essential sticks in the bundle of rights that are commonly characterized as property." *Kaiser Aetna v. United States*, 444 U.S. 164, 176 (1979). The fact that patents are intangible is irrelevant. "[T]he types of interests protected as 'property' are varied and, as often as not, intangible, relating 'to the whole domain of social and economic fact.'" *Logan v. Zimmerman Brush Co.*, 455 U.S. 422, 430 (1982) (quoting *National Mut. Ins. Co. v. Tidewater Transfer Co.*, 337 U.S. 582, 646 (1949) (Frankfurter, J., dissenting)); *see also Board of Regents v. Roth*,

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[8] *See also William Cramp & Sons Ship & Bldg. Co. v. International Curtis Marine Turbine Co.*, 246 U.S. 28, 39-40 (1918) (principle "indisputably established" that "rights secured under the . . . patent by the United States were property and protected by the guarantees of the Constitution and not subject therefore to be appropriated even for public use without adequate compensation"); *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885) (use of patented invention by government without permission "would seem to be a clear case of the exercise of the right of eminent domain, . . . an action on which would lie, within the jurisdiction of the Court of Claims"); *James v. Campbell*, 104 U.S. 356, 357-58 (1882). For copyright, *see, e.g.*, *De Sylva v. Ballentine*, 351 U.S. 570, 582 (1956) ("Since the author cannot assign his family's renewal rights, § 24 takes the form of a compulsory bequest of the copyright to the designated persons. This is really a question of the descent of property . . . .").

408 U.S. 564, 571 (1972).

Given the longstanding recognition by this Court that patents (and copyrights) are "property" within the meaning of the Constitution, this case presents no occasion for deciding whether or not all other statutory causes of action providing damage remedies create "property" within the meaning of the Due Process Clause. Whatever may be true in other contexts, copyright and patent owners indisputably possess "property" that governments are bound not to seize, take, use, or exploit without just compensation and without notice and opportunity to be heard. This Court and Congress have so recognized, where the federal government is concerned, for more than one hundred years. *See Cramp*, 246 U.S. at 39-40 (patent rights may not "be appropriated even for public use without adequate compensation"); *Hollister*, 136 U.S. at 67; *James*, 104 U.S. at 358 (noting that Congress's power to protect and induce the creation of intellectual property "could not be effected if the government had a reserved right to publish such writings or to use such inventions without the consent of the owner").

There is no comparable basis for a different rule as to the states. Just as Florida could not seize $1,000,000 worth of textbooks from a warehouse without notice, opportunity to be heard, or a lawful claim, so too it cannot lawfully take that same $1,000,000 from a publisher by making (without notice, hearing, or any lawful claim) its own copies of texts or software or music or videotapes for which the publisher would have charged $1,000,000. The Federal Circuit was therefore correct in holding that failing to recognize Congress's power to abrogate state immunity for patent infringement would be a "direct contradiction of the text of the Fourteenth Amendment." *College Savs. Bank*, 148 F.3d at 1352.

It is no answer to claim that there is no Due Process violation at issue because Florida may have provided its own

substitute patent remedies. First, Congress has the undoubted authority, and also the duty, to create a general remedy for patent and copyright infringement. The argument propounded by Florida and its *amici* — that Congress may enforce the Due Process Clause only to precisely whatever extent that the states have not done so — is belied by the fact that a single national scheme for the protection of intellectual property was thought necessary at the nation's founding. With respect to both copyright and patent, "[t]he public good fully coincides . . . with the claims of individuals. The States cannot separately make effectual provisions for either of the cases . . . ." The Federalist No. 43 (Madison); *see also Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996) (emphasizing "importance of uniformity in the treatment of a given patent").

This Court has continued to abide by the Founders' vision of "national uniformity in the realm of intellectual property." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989). A uniform national rule protecting such property is important because property in ideas is ephemeral, economically important, and crosses state boundaries easily. *See id.* at 163. "The offer of federal protection from competitive exploitation of intellectual property would be rendered meaningless in a world where substantially similar state law protections were readily available." *Id.* at 151. A patchwork system of state patent and copyright regulation that applied to any intellectual property created or used by state entities would eviscerate the Founders' policy and effectively overrule this Court's holding in *Bonito Boats*.

Congressional authority to enforce the Due Process Clause by deterring and providing for remedy against state infringement of intellectual property is therefore not limited to the relief this Court would afford in a § 1983 action for damages against a state officer who undertook the infringement.

In *Morgan*, this Court held that Congress had the authority to enforce the Equal Protection Clause against states, even where there was no showing of discriminatory purpose as to particular states' voting qualifications. *See Morgan*, 384 U.S. at 648-49. Congress has the authority to enact such protections even where they cannot be asserted directly by litigants in a private suit. *Compare id.* at 657 ("[W]e need not decide whether a state literacy law . . . discriminates invidiously against those educated in non-American-flag schools."), *with Washington v. Davis*, 426 U.S. 229 (1976) (evidence of discriminatory purpose necessary to sustain claim of equal protection violation).

Similarly, Congress need not limit its remedy to states that lack a state law infringement remedy or substitute, where Congress has found that a more general remedy may better deter state violation and enforce the guarantees of the Due Process Clause. "Congress may, in determining what is 'appropriate legislation' for the purpose of enforcing the provisions of the Fourteenth Amendment, provide for private suits against States or state officials which are constitutionally impermissible in other contexts." *Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976). Congress may thus provide general remedies for patent and copyright infringement under the Fourteenth Amendment even though such remedies cannot be applied against states under Congress's Article I authority. *See, e.g., Oregon v. Mitchell*, 400 U.S. 112, 235 (1970) (Harlan, J.) (noting that "there is no question but that Congress could legitimately have concluded that the use of literacy tests anywhere within the United States has the inevitable effect of denying the vote to members of racial minorities").

Second, the taking of patent rights and copyrights is a constitutional violation even under existing Court precedents. The deprivation of patent or copyright property interests without compensation is a taking in violation of the Fourteenth

Amendment. *See Chicago, Burlington & Quincy R.R. v. Chicago*, 166 U.S. 226, 241 (1897) (holding taking violation of Fourteenth Amendment); *Hartford-Empire*, 323 U.S. at 415 (infringement is a taking). Copyright and patent property rights are essentially the right to say yes or no to licensing requests, together with the right to exact payment for licenses uses. The fact that the taking may not deprive the owner of the full use of property, while important in the regulatory taking context, *see Concrete Pipe & Prods. of Cal., Inc. v. Construction Laborers Pension Trust*, 508 U.S. 602, 645 (1993), is unimportant in the direct taking context, *see Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 435-36 (1982) (permanent deprivation of property interest is taking regardless of size). A direct state infringement of any magnitude is an unlawful, compensable taking. *See Crozier v. Aktiengesellschaft*, 224 U.S. 290, 305-06 (1912) (Congress may by statute provide remedy for taking by federal government of patent rights); *Cramp*, 246 U.S. at 39-40 (infringement by federal government is unconstitutional taking); *Hollister*, 136 U.S. at 67 (same).

State infringement of patent rights and copyrights is also a taking of the rights-holders' invested property interest in the federal legal remedy that Congress has provided. "[A] cause of action is a species of property protected by the Fourteenth Amendment's Due Process Clause." *Logan*, 455 U.S. at 428. Patent holders such as the respondent have a legitimate expectation of the availability of a uniform federal remedy for patent infringement. This expectation is a property interest. "Certainly, it would require a remarkable reading of a 'broad and majestic [term],'" to conclude that a state law cause of action is property, as this Court has already held, while the federal patent and copyright causes of action are not. *Id.* at 431 (quoting *Roth*, 408 U.S. at 571) (citation omitted).

For all these reasons, the Patent Remedy Act and its sister

act, CRCA, are clearly acts that "may be regarded as . . . enactment[s] to enforce" the Fourteenth Amendment.

One *amicus* supporting petitioner has argued that because patent rights cannot be enforced against states under Article I, states have no obligation to respect patent rights. *See* Brief *Amicus Curiae* of the Regents of the Univ. of Cal. at 15. This profoundly unhistorical argument ignores the fact that notwithstanding the United States's sovereign immunity, *many* cases have recognized over the last 120 years that patent rights apply against the United States, and that government infringement is a deprivation of property violative of the Constitution. *See, e.g.*, *Cramp*, 246 U.S. at 39; *Hollister*, 113 U.S. at 67; *James*, 104 U.S. at 358. It also ignores this Court's holding in *Garcia v. San Antonio Metropolitan Transit Authority*, 469 U.S. 528 (1985), that Congress may impose duties on states under Article I, and it is entirely inconsistent with the established principle that states can waive their Eleventh Amendment immunity and subject themselves to suit in federal court. *See Seminole Tribe*, 517 U.S. at 65. A party cannot consent to a lack of subject matter jurisdiction. *See Industrial Addition Ass'n v. Commissioner*, 323 U.S. 310, 313 (1945) ("Want of jurisdiction, unlike want of venue, may not be cured by consent of the parties . . . .").

Nor does the fact that the property at issue is the creature of federal law pursuant to Congress's powers under Article I detract from Congress's power to protect it under the Enforcement Clause. The Due Process Clause protects all interests in property, no matter what the source. *See Logan*, 455 U.S. at 430-31 (state-created property); *Goldberg v. Kelly*, 397 U.S. 254 (1970) (both state-created and federally-created property). Similarly, Congress has the same authority with respect to property interests created by federal law, and hence created pursuant to Article I. This is no "end run" around

Seminole Tribe,[9] but the consequence of the fact that the Due Process Clause protects *property*, and that the Enforcement Clause arms Congress with the power to prevent and remedy state deprivations of property.

2. The Patent Remedy Act, Like CRCA, Is "Remedial," Not "Definitional or Substantive," and Is "Plainly Adapted" to Deterring Infringement and Remedying It Where It Occurs

The second *Morgan-Flores* inquiry is whether the Patent Remedy Act is "plainly adapted" to enforcing the Due Process Clause, entailing consideration of the "congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end." *Flores*, 117 S. Ct. at 2164. Congress is entitled to remedy constitutional violations so long as its remedial measures are "appropriate[ ] . . . in light of the evil presented." *Id.* at 2169. Nor is Congress limited to legislation that prohibits only unconstitutional acts. "Legislation which deters or remedies constitutional violations can fall within the sweep of Congress' enforcement power even if in the process it prohibits conduct which is not itself unconstitutional and intrudes into 'legislative spheres of autonomy previously reserved to the States.'" *Id.* at 2163 (quoting *Fitzpatrick*, 427 U.S. at 455). The Patent Remedy Act is constitutional if there is "a congruence between the means used and the ends to be achieved." *Id.* at 2169.

Congress decided that the ends to be achieved were vitally important, since the extent of threatened constitutional violations was substantial. As this Court recognized in *James*, 104 U.S. at 358, "Many inventions relate to subjects which can

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[9] The phrase is from the Fifth Circuit's vacated *Chavez* decision, 157 F.3d at 289.

only be properly used by the government. . . . If it could use such inventions without compensation, the inventors could get no return at all for their discoveries and experiments."

In the copyright context, for example,[10] the legislative history of CRCA, including a lengthy Report of the Register of Copyrights, detailed the extent of the constitutional violations Congress foresaw if the Eleventh Amendment barred infringement suits against states. Congress knew that state entities had been sued for infringement,[11] and found that substantial deprivation of property without due process would result without the federal court damage remedy provided in CRCA. Congress's investigation into such harms was supported by an "extensive survey of the practical implications" by the Copyright Office, and Congress's own substantive findings that without CRCA states would be free to "copy and seriously erode the market," undermining the economic incentive to publish quality works in quantity. H.R. Rep. No. 101-282 (I), at 3, 8 (noting that as of 1989 "there [we]re approximately $1.1 billion of book sales to entities with potential Eleventh Amendment immunity"); *see also* S. Rep. No. 101-305, at 9, 11; Report of Register at 16. Congress concluded that undeterred state infringement would drive up the prices of copyrighted works for non-infringing users and erode the benefits of a unitary copyright system. *See* H.R. Rep. No. 101-

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[10] *Amici* here focus on their area of special expertise and leave to others the burden of demonstrating similar harms in the patent context.

[11] *See, e.g.*, *Mills Music, Inc. v. Arizona*, 591 F.2d 1278 (9th Cir. 1979); *BV Eng'g v. University of Cal.*, 858 F.2d 1394 (9th Cir. 1988); *Richard Anderson Photography v. Brown*, 852 F.2d 114 (4th Cir. 1988).

282, at 10-11. Such findings warrant substantial deference. *See Flores*, 117 S. Ct. at 2172.

Congress's findings were if anything understated, in light of the increased risk of patent and copyright infringement today. Intellectual property — copyrights, patents, trademarks, and trade secrets — now constitutes a critical component of the economy, driving U.S. economic growth and leadership in world markets in many fields, including technology, medicine, motion pictures, music, print and multimedia publishing, among others. As has been the case for at least eighty-nine years, Congress has recognized its duty to provide remedies for unconstitutional infringement of such rights by the government. *See Crozier*, 224 U.S. at 34-05. Much of this property is sold or licensed in markets in which the government is an important or even the sole purchaser. *See James, supra.* A holding that states may deprive copyright or patent owners of their lawful rewards without fear of damage actions thus has grave implications not just for individual copyright owners but for a significant sector of the U.S. economy.

Immunity from infringement suits is, by the very nature of things, tantamount to an invitation to infringe. Indeed, a duty to conserve the public's funds could constitute an obligation, not just an invitation, to infringe. Congress had ample ground for believing that absent a damage remedy there could be insufficient deterrence against infringement, since the gains to state budgets from taking instead of paying are enormous. Because the principal market for many works is, or could be, the government, the harm threatened by such immunity is immense. Even though a copyright owner might enjoin future copying of the work found to have already been copied, a one-time savings from the copying of 200,000 textbooks or 5,000 copies of Lotus Notes would still make the copying well worthwhile, and could be effected before the publisher had

sufficient knowledge to seek injunctive relief. Although the court in *Chavez* suggested that a copyright owner could avail herself of contract remedies in state court, *Chavez*, 157 F.3d at 291,[12] states will have little incentive to enter into contracts if they are immune from infringement suits, and infringement can be routinely engaged in without any surrounding contractual relationship.

Intangible intellectual property such as copyright and patent is just as critical to someone who relies on it for his livelihood as are other forms of property. Without the deterrent impact of the Patent Remedy Act's and CRCA's remedial provisions, states could sell biotechnology research owned by Glaxo; copy or sell software that belongs to Texas Instruments or Compaq; print books published by the McGraw-Hill Companies or Southern Methodist University Press; distribute songs written by Willie Nelson or Waylon Jennings; all free of any liability whatsoever. If Florida simply seized the revenues of authors or publishers without any hearing, no one would doubt that a deprivation of property without due process had occurred. If without authorization Florida prints 200,000 infringing copies of a fifth-grade mathematics textbook and distributes those copies to every primary school in the state, or if it were to make thousands of copies of Lotus Notes available to every state employee, the same wrong has occurred: the state has deprived the copyright owner of a vital property interest (the amount charged for the book) without due process of law – indeed, without any process at all.

Congress thus had an adequate basis to perceive a substantial threat to copyright and patent property rights created

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[12] And, as noted above, the assumption that state courts are available for infringement suits under federal law may be incorrect. *See Alden*, No. 98-436.

by state immunity from suit. Nor is Congress forced to wait until the harms become rampant before it is allowed to act. For example, in *Morgan*, although Congress made generalized findings that English language voting tests could be used to discriminate against Spanish-speaking minorities, it provided no specific instances of such discrimination. *See* 42 U.S.C. § 1973b(f) (1998). While there may not have been an abundance of infringement suits against states in the first two centuries of the Constitution's history, it is also true that state agencies have only relatively recently entered such commercial fields as biotechnology and publishing. Congress found that states' participation in these areas, and consequent infringement of intellectual property rights, would continue to increase, and its findings are entitled to much deference by this Court. *See Flores*, 117 S. Ct. at 2172; *F.C.C. v. Beach Communications, Inc.*, 508 U.S. 307, 314 (1993).

Nor does the scope of the Patent Remedy Act or CRCA "reflect[ ] a lack of proportionality or congruence between the means adopted and the legitimate end to be achieved." *Flores*, 117 S. Ct. at 2171. The fundamental inquiry in determining whether legislation is within Congress's Enforcement power is whether it is "remedial" or "corrective" and so within Congress's Enforcement power, or "definitional" or a substantive attempt to expand constitutional rights and therefore beyond what Section 5 authorizes. In truth, the Patent Remedy Act and CRCA are more clearly and narrowly "corrective" and "remedial" than any Act of Congress subject to that inquiry ever considered by this Court. They provide *only* a remedy (and, indeed, essentially the same remedy already afforded private litigants).

Unlike the Religious Freedom Restoration Act, struck down in *Flores*, the Patent Remedy Act and CRCA do not apply to state actions and laws generally, but only to those few

actions that infringe intellectual property rights. The Acts do not "pervasively prohibit[ ] constitutional state action in an effort to remedy or to prevent unconstitutional state action." *Id.* at 2170. Rather, Congress narrowly and precisely provided a remedy to the threat: a state that does not infringe is not subject to the acts. This is in stark contrast to Religious Freedom Restoration Act at issue in *Flores*, which would have broadly applied "the most demanding test known to constitutional law" to state and local legislation of every conceivable stripe. *Flores*, 117 S. Ct. at 2171. Here, by contrast, states were *already* subject to the prohibitions of patent and copyright law. In the case of CRCA, while Congress found that "the potential exists for immediate harm to copyright proprietors" without an abrogation of state immunity, "[n]o State official asserted that the States could not do State business without immunity from copyright violations." 135 Cong. Rec. E524, E525 (Feb. 27, 1989) (Rep. Kastenmeier). The Patent Remedy Act and CRCA thus do not "decree the substance of the Fourteenth Amendment's restrictions on the States." *Id.* at 2164. Rather, they subject states to a traditional damage remedy, akin to those to which others are subject, for wrongful conduct in which the states have no right to engage, just as the Act of 1910 at issue in *Crozier* and *Cramp* provided for damage remedies when the Federal government infringes patent rights.

The Patent Remedy Act and CRCA are thus no more "intrusive" than any other remedial legislation under the Fourteenth Amendment must necessarily be. The patent law's triple damage remedy, 35 U.S.C. § 284 (1998), for example, which petitioner particularly emphasizes, is clearly within the bounds of Congressional authority. Treble damages would only apply when in the discretion of the court they were appropriate — for instance, where the infringement is willful. Congress is entitled to provide such damages against states in egregious cases. *See Varner v. Illinois State Univ.*, 150 F.3d 706 (7th Cir.

1998) (compensatory damages applicable against state for Title VII violation); 42 U.S.C. § 1981a(b)(2) (1998). In any event, it surely cannot be "overly sweeping" for Congress to take an action that is the very definition of pareto superior: one that has the benefit of enforcing compliance with concededly applicable norms while doing no harm whatever if the norms are complied with. Indeed, as the case law in the patent realm suggests, Congress has an affirmative duty to provide such remedies. *See Crozier*, 224 U.S. at 305-06; *Cramp*, 246 U.S. at 39-40; *Hollister*, 136 U.S. at 67.

To be sure, Congress might have attempted to tailor its remedy narrowly to only those states, if any, that do not already afford sufficient remedy for the deprivation of intellectual property. But Congress is entitled to prefer uniform remedies to state-by-state solutions. Nor does the mere existence of narrower measures mean that the current remedy structure is "disproportionate" or transform the Patent Remedy Act into a substantive rather than a remedial measure. No matter what maximum damage remedy Congress provides, it could always be lower; if *Ex Parte Young* injunctions are relied upon, they could be limited in time; if damages are left to state laws, Congress could preempt them. The relevant question is not whether lesser remedies were conceivable, but whether the remedies Congress provided are "plainly adapted" to prevent and remedy violations of the Due Process Clause. As demonstrated above, the Patent Remedy Act and CRCA meet that criterion.

3. The Act Is Consistent With the Letter and Spirit of the Constitution

The third *Morgan-Flores* inquiry is whether the act in question "is not prohibited by but is consistent with 'the letter and spirit of the constitution.'" *Morgan*, 384 U.S. at 651. The enactment of effective, comprehensive, and universally

applicable remedies to "promote the progress of science and useful arts" through the grant of enforceable property rights in intellectual property is consistent with the text and spirit of the Copyright, Patent, and Due Process Clauses, not contrary to them. *See* The Federalist No. 43 (Madison). Unlike *Flores*, here there is not even a plausible argument that the Patent Remedy Act or CRCA violates other constitutional provisions or invades areas of reserved state police power. States have no right to infringe. Preventing such infringement, through statutes that punish only infringing states, is within Congress's prerogative under the Enforcement Clause.

CONCLUSION

Having met all three portions of the *Morgan-Flores* inquiry, the Patent Remedy Act and CRCA are both constitutional exercises of congressional power. Any Eleventh Amendment immunity states might have had from infringement suits in federal court was abrogated when Congress acted to protect intellectual property against state deprivation without due process. The judgment of the Court of Appeals for the Federal Circuit should be affirmed.

Respectfully Submitted.

Charles S. Sims
Counsel of Record
Bruce E. Boyden
Proskauer Rose LLP
1585 Broadway
New York, NY 10036
(212) 969-3950